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1 October 1982

NSC review completed - may be declassified in part

MEMORANDUM FOR THE RECORD

SUBJECT: NSC Meeting on Poland, 30 September 1982

1. Secretary Regan briefed on three items.

- Polish Debt. He reported that US and West European banks are meeting to see if they can roll over the debt. Weinberger voiced his opposition.
- Private Sector Assistance for Poland. Regan mentioned that the US had provided \$42 million this year and would provide \$40 million next year in medical and food supplies. The President indicated that he strongly supports supplying aid to Poland's principal private sector, the farmers. Secretary Regan said we had several options: to give US aid to the private sector, to not block private aid to the private sector, or reject any US government participation, communicate with our Allies, or remand the whole issue for further study. McMahon informed the President that the Polish farmers were not quite the capitalists that he might think. Even though the farms are privately owned, they are really under State control because the State controls the inputs (seed, fertilizer, and machinery) and puts a quota on the output. Only what is left can be sold on the open market. All members of the NSC thought this initiative was a bad one and rejected any government participation.
- Latin America. Regan briefed on the great financial burden posed by Latin American and East European countries. He focussed particularly on the debts of Mexico, Argentina, and Brazil. He reported that the IMF must decide how to respond. It seems to be in good enough shape to take care of any emergency but Brazil in particular can not obtain new loans. The banks are withdrawing from loaning to these countries. He painted a very grim picture.

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He then passed a Treasury paper describing the situation in the various Latin American countries and highlighted the current massive capital outflow from Venezuela. He concluded that the Club of Paris will meet soon on the Cuban debt.

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(As briefed by the ADCI)

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